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APR 23 1962

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MEMORANDUM FOR THE NATIONAL SECURITY COUNCIL

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SUBJECT: Report by the Director of Central Intelligence

In July 1949, the National Security Council directed that certain changes be made in the organization of the Central Intelligence Agency. The instructions contained in this Directive -- NSC 50 -- have been carried out in all substantial respects.

There is attached, marked TAB A, a chart of the organization of the Central Intelligence Agency as of October 1950 and an organization chart as of 31 December 1951. A comparison of these charts will indicate the general scope of this reorganization.

Specifically, there has been established an Office of National Estimates to produce intelligence estimates of national concern, both in acute situations and on a long-term basis. In its operations this Office utilizes the resources of the total United States intelligence community. The members of the Council are acquainted with the production of the Office of National Estimates, but, for ready reference, there is attached, marked TAB B, a list of the National Intelligence Estimates which were prepared in 1951.

To provide the National Security Council and appropriate offices of the Government with all-source intelligence on a current basis, there was also established during 1951 an Office of Current Intelligence. Council members are acquainted with the publications of this Office.

An Office of Research and Reports has been set up to provide coordinated intelligence, primarily on economic matters, as a service of common concern to interested

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Government agencies. Although accurate appraisal of an enemy's economic potential is a most important factor in estimating his military capabilities, this crucially-important task had previously been scattered among twenty-four separate agencies of the Government.

An Interdepartmental Economic Intelligence Committee has also been established, and the Agency's Assistant Director for Research and Reports is its Chairman. His Office is the clearing house for study and analysis of the economy of the Soviet Orbit and for exploring and filling the gaps that had developed in the previously unrelated system of collection and evaluation.

In cooperation with the Department of Defense, there has been established the Interdepartmental Watch Committee. Its function is to provide constant and periodic review of indications of possible enemy action. The Central Intelligence Agency also maintains a twenty-four hour watch on behalf of the Agency.

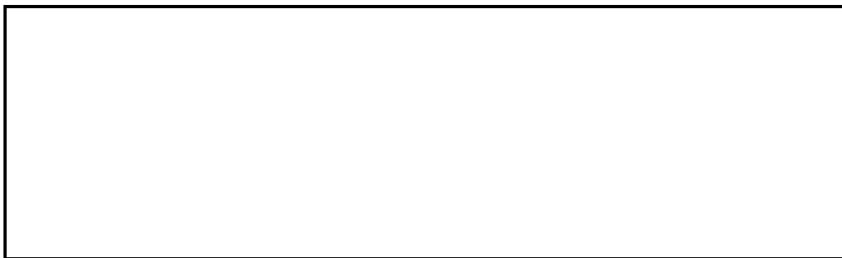
Continuity of high caliber personnel, possessing specialized training and experience, is essential for the conduct of the Agency's activities. Accordingly, plans for a career service within the Central Intelligence Agency are being worked out and the first groups of prospective junior career officers are in training.

After sufficient career personnel have been recruited and trained in this service, it will be possible eventually to select senior officials of the Central Intelligence Agency from among their number. This development will take time. Meanwhile, one of the Agency's continuing problems will be the difficulty of securing adequately qualified personnel, particularly for senior positions.

Four NSC papers approved during the period under review required the special services of the Central Intelligence Agency:

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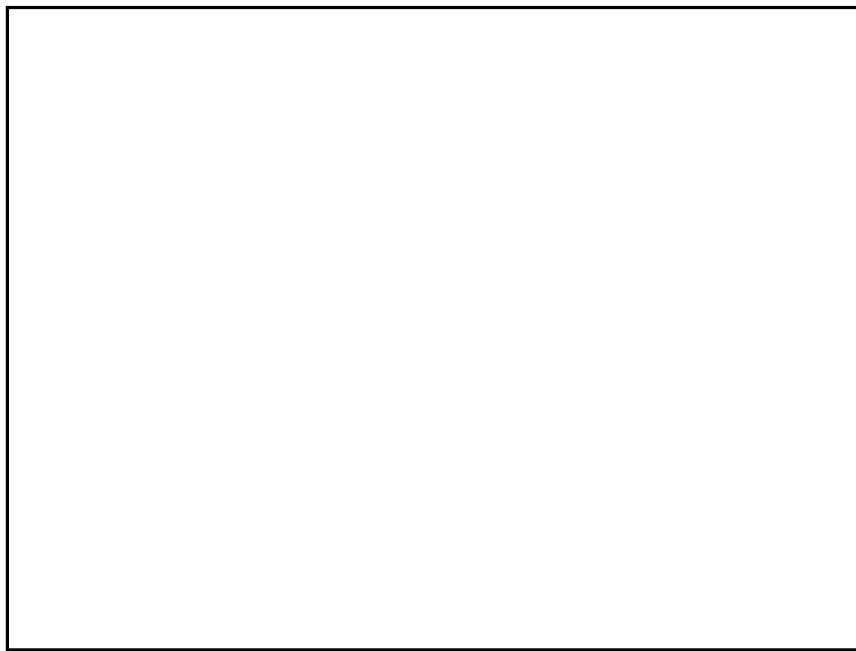
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2.



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3. The third NSC paper - NSC 66/1 - directed the Central Intelligence Agency to provide intelligence support for the Voice of America [redacted]

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[redacted]
requested by NSC 66/1 of the Armed Forces Security Agency has not been performed, due to technical difficulties. The National Security Council subsequently authorized the Central Intelligence Agency and the Department of State to implement this aspect of NSC 66/1 as a pilot operation, pending further consideration of the plan on technical grounds within the Department of Defense structure. This is being done.

4. The remaining paper - NSC 10/5 - redefines the Central Intelligence Agency's responsibilities in a field which was probably not envisaged at the time the National Security Act of 1947, under which the Agency was established, was framed. This is the field of cold war covert activities, including guerrilla warfare. We have accepted these responsibilities as agents for the major Departments concerned and for projects which are approved by the Psychological Strategy Board. The Departments of State and Defense are charged with providing the Central Intelligence Agency with the necessary support to accomplish these missions. The presently projected scope of these

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Given the necessary support, it will be possible for the Central Intelligence Agency to fulfill these requirements; but since they have resulted in such a large expansion in the Agency's budget and personnel strength, it should be noted that:

1. They are not functions essential to the performance by Central Intelligence Agency of its intelligence responsibilities.
2. They were placed in this Agency because there was no other Department or Agency of the Government which could undertake them at that time.

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There remain a number of unsolved problems -- major and minor. The following examples will indicate their nature and range:

1. Interrelationship Between Intelligence and Operational Planning. It is not necessary for an intelligence officer to know very much about plans, either civilian or military, but if his product is to be timely he must have adequate advance information at least of the general nature and objectives

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[redacted]

of any plane toward which he can make an intelligence contribution, as well as of such national or international policies and agreements as precede them. The liaison arrangements of CIA and the Department of State on such matters are reasonably satisfactory, although there remains room for betterment. Such arrangements with the Armed Services are still somewhat less than satisfactory, although some improvement is being made.

2. Security. The utmost diligence has been exercised to insure the security of the Central Intelligence Agency, and I am now convinced that it is at least as secure as any activity of the Government. My remaining concern in this regard is largely based on the fact that the Agency is scattered among twenty-eight buildings in the Washington area. Every effort will be made to obtain funds for the construction of a reasonably secure building.

3. Communications Intelligence. Responsibility for this activity is presently divided. It is of particular concern [redacted]

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[redacted] The President has directed that a survey be made by the Secretaries of State and Defense, assisted by the Director of Central Intelligence, to determine what, if any, organisational changes might improve the security and productivity of this service. This survey is now in progress under the supervision of an independent committee, appointed for the purpose.

4. Scientific and Technical Intelligence. The least progress in coordinating intelligence activities has been made in certain fields of scientific and technical intelligence. An interagency committee is presently studying this problem, with the view of recommending the proper steps for the improvement of this situation.

The Council is generally acquainted with the Central Intelligence Agency's secret operations designed to produce raw intelligence. Although we are making every effort to develop these latter sources, our experience so far has been in general disappointing. They are costly by comparison with other intelligence operations and they present in most cases a gambler's chance of obtaining really significant critical strategic information, although they consistently produce a

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significant quantity of usable information. We must and shall devote our best effort to their improvement and to the exploitation of every reasonable chance for penetration. On a few rare occasions there have been really brilliant accomplishments.

In conclusion, it should be pointed out that, in view of the efficiency of the Soviet security organization, it is not believed that the present United States intelligence system, or any instrumentality which the United States is presently capable of providing, including the available intelligence [redacted], can produce strategic intelligence on the Soviet with the degree of accuracy and timeliness which the National Security Council would like to have and which I would like to provide. Moreover, despite the utmost vigilance, despite watch committees, and all of the other mechanics for the prompt evaluation and transmission of intelligence, there is no real assurance that, in the event of sudden undeclared hostilities, certain advance warning can be provided.

As far as our intelligence production is concerned, the Central Intelligence Agency is basically an assembly plant for information produced by collaborating organizations of the Government, and its final product is necessarily dependent upon the quality of the contributions of these collaborating organizations.

SIGNED

WALTER B. SMITH
Director

Enclosures -

Tab A

Tab B

WB Smith [redacted] 25X1
18 April 1952

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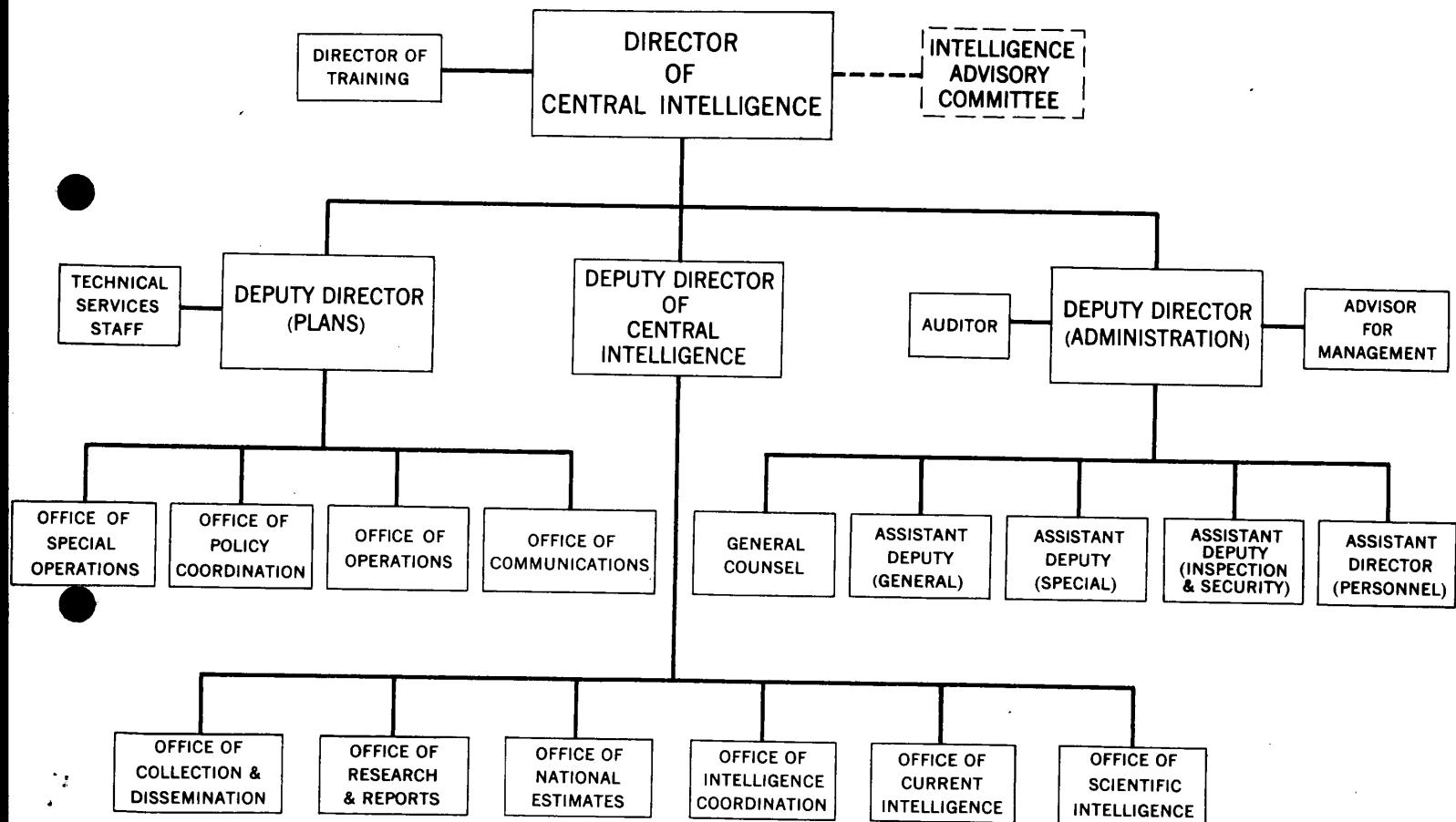
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TAB

CENTRAL INTELLIGENCE AGENCY
(Organization as of 31 December 1951)

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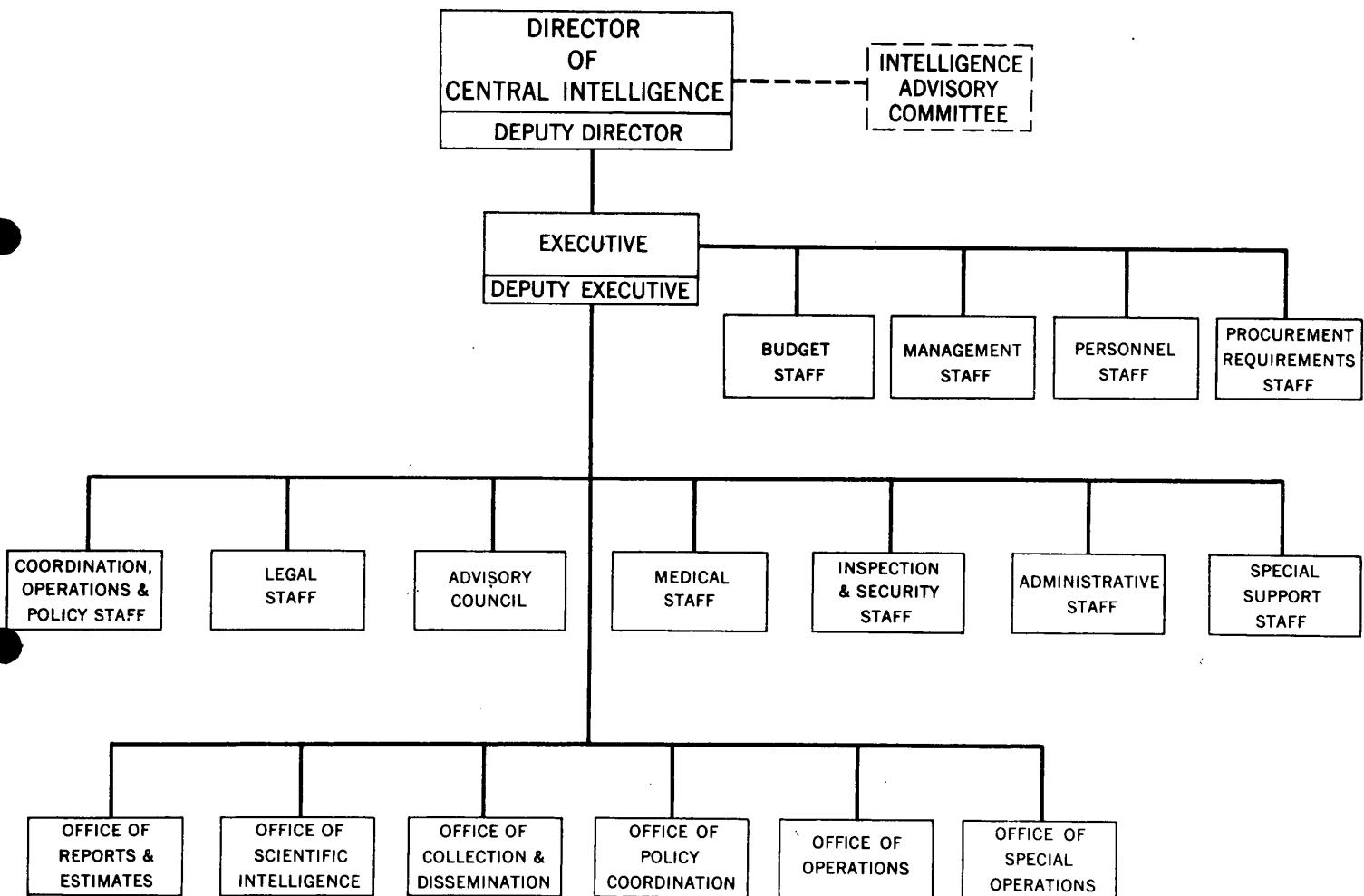


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CENTRAL INTELLIGENCE AGENCY

(Organization as of 1 October 1950)

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LIST OF NATIONAL INTELLIGENCE ESTIMATES PUBLISHED BY
CENTRAL INTELLIGENCE AGENCY DURING CALENDAR YEAR 1951

25X1

<u>Number</u>	<u>Title</u>	<u>Date</u>
4	Soviet Courses of Action with Respect to Germany	1 Feb. 1951
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9	Turkey's Position in the East-West Struggle	26 Feb. 1951
10	Communist China	17 Jan. 1951
14	The Importance of Iranian and Middle East Oil to Western Europe under Peacetime Conditions	8 Jan. 1951
18	The Probability of Soviet Employment of PW and CW in the Event of Attacks upon the US	10 Jan. 1951
19	Feasibility of Japanese Rearmament in Association with the US	20 Apr. 1951
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21	Austrian Treaty	22 Jan. 1951
22	Vulnerability of the Soviet Bloc to Economic Warfare	19 Feb. 1951
23	India's Position in the East-West Conflict	4 Sept. 1951
25X1		
25	Probable Soviet Courses of Action to Mid-1952	2 Aug. 1951
26	Key Problems in the Near and Middle East Affecting US Security Interests	25 Apr. 1951
27	Chinese Communist Capabilities and Intentions with Respect to Taiwan	10 Apr. 1951
29	Probability of an Invasion of Yugoslavia in 1951	20 Mar. 1951
29/1	Review of the Conclusions of NIE-29, Probability of an Invasion of Yugoslavia in 1951	4 May 1951
31	Soviet Capabilities for Clandestine Attack Against the US with Weapons of Mass Destruction and the Vulnerability of the US to such Attack	4 Sept. 1951

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<u>Number</u>	<u>Title</u>	<u>Date</u>
25X1		
33	Soviet Control of the European Satellites and their Economic and Military Contributions to Soviet Power, through Mid-1953	7 Nov. 1951
35	Probable Developments in Indochina during the Remainder of 1951	7 Aug. 1951
36	Prospects for Survival of a Non-Communist Regime in Burma	1 Aug. 1951
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42	The Current Situation in Albania with Particular Reference to Greek, Yugoslav and Italian Interests	20 Nov. 1951
43	The Strategic Importance of the Far East to the USSR	13 Nov. 1951
44	The British Position in Egypt	15 Oct. 1951
45	Communist Capabilities and Probable Courses of Action in Korea through Mid-1952	7 Dec. 1951

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LIST OF SPECIAL ESTIMATES PUBLISHED BY
 CENTRAL INTELLIGENCE AGENCY DURING CALENDAR YEAR 1951

<u>Number</u>	<u>Title</u>	<u>Date</u>
25X1		
2	Probable Effects on Soviet Intentions and Capabilities of Arming the Japanese National Police Reserve as Four Fully Equipped Divisions	21 Feb. 1951
25X1		
4	Intelligence Implications of a Census and Verification of Armed Forces and Armaments	12 May 1951
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6	Current Developments in Iran	22 May 1951
7	Probable Soviet Reaction to the Inclusion of Greece and Turkey in Western Defense Agreements	15 June 1951
8	Possible Communist Objectives in Proposing a Cease-Fire in Korea	6 July 1951
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10	Soviet Capabilities for A Surprise Attack on the Continental United States Before July 1952	15 Sept. 1951
11	Probability of a Communist Assault on Japan in 1951	17 Aug. 1951
13	Probable Developments in the World Situation through Mid-1953	24 Sept. 1951
14	Soviet Capabilities for a Military Attack on the United States before July 1952	23 Oct. 1951
15	Possible Psychological Reactions to a US Air Offensive Against the USSR	4 Oct. 1951

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Title

Date

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20 The Probable Consequences of Certain Possible
U.S. Courses of Action with Respect to Communist
China and Korea

22 Dec. 1951

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LIST OF SPECIAL INTELLIGENCE ESTIMATES PUBLISHED BY
CENTRAL INTELLIGENCE AGENCY DURING CALENDAR YEAR 1951

<u>Number</u>	<u>Title</u>	<u>Date</u>
1	Current Soviet Activities with Particular Reference to the Far East	6 Apr. 1951

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